

## Message Text

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43

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 PM-03 NSC-05 SP-02 SS-15 RSC-01

CIAE-00 DODE-00 INR-05 NSAE-00 PA-01 USIA-06 PRS-01

AID-05 EB-04 COME-00 TRSE-00 CIEP-01 OPIC-03 XMB-02

/077 W

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R 151025Z NOV 74

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 7657

INFO AMEMBASSY BONN

OECD PARIS 688

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E.O. 11652: N/A

TAGS: EIND, EAID, GW, PK

SUBJECT: WEST GERMANY CONCLUDES ECONOMIC ASSISTANCE  
AGREEMENT WITH PAKISTAN

BEGIN UNCLASSIFIED

1. SUMMARY. GOP AND WEST GERMANY CONCLUDED AGREEMENT  
TO PROVIDE ECONOMIC ASSISTANCE OF DM 225 MILLION IN  
FY 74/75. OF THIS SUM, DM 22 MILLION CONSTITUTES  
GRANTS, DM 90 MILLION LONG-TERM LOANS AND DM 113 MILLION  
DEBT RELIEF. LOANS DIVIDED BETWEEN DM 50 MILLION FOR  
PURCHASE OF COMMODITIES AND DM 40 MILLION FOR PROJECTS,  
PRIMARILY FOR PROPOSED FAUJI FERTILIZER PLANT. PRO-

CUREMENT IS NOT TIED. DEBT RELIEF IS IN ACCORDANCE WITH  
TERMS OF CONSORTIUM AGREEMENT. END SUMMARY.

2. OCTOBER 15 EDITION OF SEMI-OFFICIAL PAKISTAN TIMES  
CARRIED FOLLOWING ARTICLE REPORTING WEST GERMAN ECONOMIC  
ASSISTANCE TO PAKISTAN. BEGIN TEXT.

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". THE GOVERNMENT OF PAKISTAN AND FEDERAL REPUBLIC OF GERMANY TODAY SIGNED AGREEMENTS PROVIDING GERMAN ECONOMIC ASSISTANCE TO PAKISTAN TOTALLING DM 225 MILLION FOR THE FINANCIAL YEAR 1974-75. OUT OF THIS AMOUNT ABOUT DM 22 MILLION CONSTITUTE GRANTS.

"THE AGREEMENTS FOLLOWED NEGOTIATIONS HELD HERE BETWEEN THE DELEGATIONS OF THE TWO COUNTRIES ON FINANCIAL AND TECHNICAL ASSISTANCE, DEBT RESCHEDULING AND OTHER MATTERS OF ECONOMIC CO-OPERATION.

"AS A RESULT OF THESE NEGOTIATIONS, A GOVERNMENTAL AGREEMENT WAS CONCLUDED ON FINANCIAL ASSISTANCE UNDER WHICH THE FEDERAL REPUBLIC OF GERMANY WILL PROVIDE IN 1974 FINANCIAL ASSISTANCE AMOUNTING TO DM 90 MILLION. OUT OF THIS, AN AMOUNT OF DM 50 MILLION WILL BE USED FOR THE PURCHASE OF COMMODITIES AND THE BALANCE OF DM 40 MILLION FOR FINANCING PROJECTS. THE TERMS AND CONDITIONS OF THE LOAN ARE: 30 YEARS MATURITY INCLUDING A GRACE PERIOD OF 10 YEARS AND AN INTEREST RATE OF TWO PERCENT. THE LOAN IS NOT TIED TO PROCUREMENT IN THE FEDERAL REPUBLIC OF GERMANY.

" IT IS ENVISAGED TO USE THE FUNDS EARMARKED FOR PROJECTS TO FINANCE A FERTILIZER PLANT AND THE LEFT BANK OUTFALL DRAIN PROJECT. IN ADDITION, FUNDS HAVE ALSO BEEN SET ASIDE FOR FINANCING PRIVATE INDUSTRIES.

" AN AGREEMENT REGARDING LONG-TERM DEBT RELIEF TO PAKISTAN FOR 1974-75 AMOUNTING TO DM 113 MILLION WAS ALSO CONCLUDED.

" AN AGREEMENT WAS ALSO REACHED ON THE CONCESSION OF DEBT USED ON PROJECTS IN FORMER EAST PAKISTAN." END TEXT.

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3. NOVEMBER 15 EBERHARD SCHLANGE, GERMAN EMBOFF IN CHARGE OF ECONOMIC ASSISTANCE, TOLD EMBOFF THAT ABOVE ARTICLE WAS CORRECT. HE ADDED THAT, CONFIDENTIALLY, ENTIRE DM 40 MILLION TO FINANCE PROJECTS IS INTENDED LIMITED OFFICIAL USE

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FOR PROPOSED FAUJI FERTILIZER PLANT. ASSISTANCE FOR LEFT BANK OUTFALL DRAIN PROJECT AND PRIVATE INDUSTRIES MENTIONED ABOVE WILL BE FROM PIPELINE FUNDS. SCHLANGE ADDED THAT IT WAS CONTEMPLATED THAT AGREEMENT FOR NEXT FISCAL YEAR WOULD INCLUDE ADDITIONAL ASSISTANCE FOR FAUJI FERTILIZER PLANT.

4. SCHLANGE STATED THAT DEBT RELIEF WAS STRICTLY IN ACCORDANCE WITH TERMS OF CONSORTIUM AGREEMENT. FOR TECHNICAL REASONS, GERMAN DELEGATION FOUND IT MORE CONVENIENT TO CONCLUDE FOUR SEPARATE ANNUAL AGREEMENTS RATHER THAN ONE AGREEMENT FOR ENTIRE PERIOD.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC ASSISTANCE, FOREIGN ASSISTANCE AGREEMENTS, GRANTS, LOANS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 15 NOV 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** cunninfx  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974ISLAMA10833  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740330-0501  
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**Line Count:** 123  
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**Office:** ACTION NEA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** cunninfx  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 07 MAY 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <07 MAY 2002 by boyleja>; APPROVED <18 MAR 2003 by cunninfx>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** WEST GERMANY CONCLUDES ECONOMIC ASSISTANCE AGREEMENT WITH PAKISTAN  
**TAGS:** EIND, EAID, GE, PK  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005